



Army Environmental Programs

Use of Performance Based Acquisitions in Army Cleanup Programs



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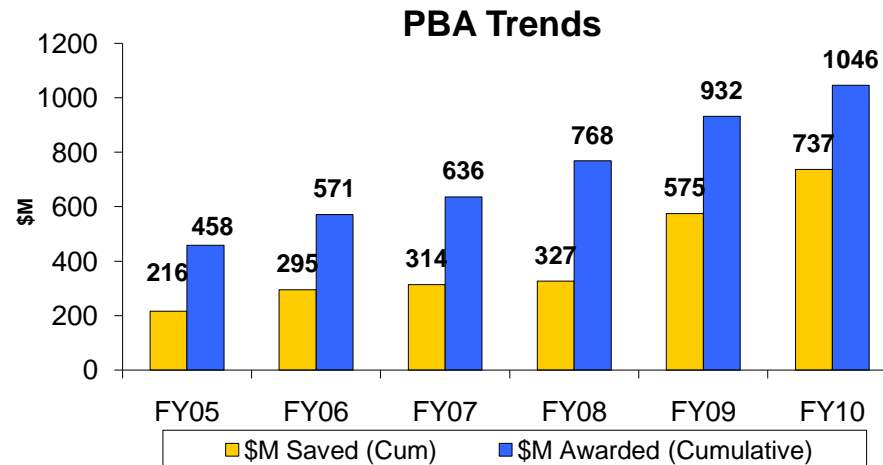
Briefing Topics

- Overview of the Army's PBA Initiative
- Lessons Learned
 - Technical Scoping
 - Contractual
 - Financial Execution
 - Program Efficiencies
- Changes to PBA Approach



Performance-Based Acquisition

- Through FY10, the Army has awarded 133 PBA contracts/task orders
- Total Contract/Task Order Value Exceeds \$1B
- Awards range in value from \$260K to \$67.8M
- Contracts in 48 states and Puerto Rico and all 10 EPA Regions at 165 installations (1,938 sites)
- Total Cost Savings = \$737M; Averaging 41% under CTC-based cost estimates





Lessons Learned

- Three components to be considered throughout all phases of PBA
 - Technical Scoping
 - Contractual
 - Financial Execution
- Requires integrated approach
 - Personnel expertise in all components important
- Army has continually revised its PBA strategy, approach, and procedures to address lessons learned



Technical Scoping

- Candidate Screening
 - Starting point is Army database of record
 - All Army cleanup programs
- Candidate Evaluation (by site)
 - What are regulatory drivers (CERCLA, RCRA CA)?
 - What are significant uncertainties?
 - What is the current contract status?
 - What contract mechanisms are available?
 - What is Cost-to-Complete (CTC)?
 - Remedy in Place/ Response Complete (RIP/RC)
 - Remedial Action Operations/Long Term Management



Technical Scoping

- Outcomes of Candidate Evaluation
 - List of sites for Performance Work Statement/Statement of Objectives (PWS/SOO)
 - Pick up point for PBA
 - Performance objectives and due dates by site
 - Recommended contract vehicle and portfolio
 - Recommended timing for award
 - Acquisition strategies
 - Multiple-year
 - Multi-installation
 - Multi-contract



Technical Scoping

- Risk Management Approaches
 - Insurance
 - Guaranteed limit
 - Unit pricing
 - SOO versus PWS
 - Data gap analysis
 - Phased performance objectives



Technical Scoping

- Additional Evaluation Considerations
 - Fence-to-fence versus targeted sites
 - Defining endpoint performance objectives
 - Regulatory closure
 - RIP/RC versus Site Closeout (SC)
 - Interim phase
 - Single program or multi-program scope
 - Period of performance
 - Exit / ramp-down / optimized current and long-term costs
 - Incentives



Contractual

- Solicitation Considerations
 - Basis for Award
 - Technically acceptable/ low cost or best value technical tradeoff
 - Estimated remaining liabilities (activities and long-term financial liability)
 - Contract line items (CLINs) and payment milestones
 - Questions and Answers (Q&As)
 - Document availability/Organizational Conflict of Interest (OCI)
 - Site visit
 - Not incorporating proposal by reference in awarded contract



Contractual

• Considerations for Vehicle Selection

- Contractors by portfolio
- Remaining capacity
- Award date/ordering period
- Place of performance
- Contract types
- Types of services
- Fee to use
- Insurance/warranty/pay and performance bonds
- Contracting Officer's Representative (COR)
- Conditions
- Regulatory interface
- Personnel qualifications
- Use of non-voting technical expertise on evaluation panels



Financial Execution

- Tracking completion of performance objectives (modified Earned Value Management System (EVMS))
 - CLINs and Sub-CLINs
 - Payment milestones
 - Requests for change orders
- Bona fide need
- Multiple-year funding
 - Five-year expiration of ER,A funds



Other Lessons Learned

- Regulatory participation
- Lead agency role
- Innovative versus proven technologies
- Evolving definition of “performance-based”
- CERCLA 5-year reviews / remedy reviews
- Wage determinations (Davis Bacon, Service Contract Act)



Program Efficiencies

- Templates and Tools
 - PWS
 - Evaluation criteria
 - Standardized performance objectives
- Database for Tracking
 - Integrated technical, contractual and financial



Changes to PBA Approach

- FY01 to FY04
 - Fixed Price Contracts with Environmental Insurance
 - Fence to Fence awards addressing IRP sites
 - Contracts/Task Orders awards were typically Technically Acceptable/Low Cost
- FY05 to FY08
 - Decreased use of Environmental Insurance;
 - Increased use of Best Value as basis for award
 - MMRP Awards – FY05 was first MMRP SI Award
 - Compliance Cleanup Sites
 - Installations having multiple PBAs awarded for different types of sites



Changes to PBA Approach

- FY09 to FY11
 - Increased use for newly eligible DERP sites
 - First cost-reimbursable PBA
 - Target cost plus incentive fee (CPIF)
 - Disincentives for schedule delays and poor document quality
 - MMRP sites (approved RI or DD)
- FY12+
 - MMRP Feasibility Studies, Remedial Action, and Long Term Management
 - Greater Application to Formerly Used Defense Site Program



QUESTIONS?